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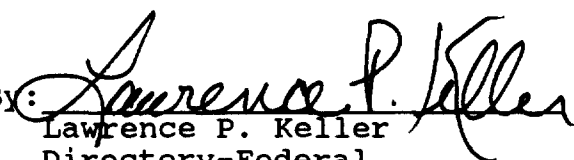
its procedures with respect to the national average loop cost as a result of this investigation, should this ruling be applied retroactively, and if so, how far back?

CHA fully supports the arguments presented in NECA's Direct Case as to why NECA's USF resizing adjustments to correct for material errors and omissions are reasonable, and why they should not result in a new National Average Unseparated Loop Cost (NACPL) and expenses adjustment for companies that do not have significant data corrections. Specifically, as NECA explains (Direct Cast, pp. 11-12), Section 36.622 of the Commission's rules requires NECA to recalculate the NACPL when carriers make quarterly update adjustments, but does not permit corresponding changes in USF payments for companies that do not submit updates. See 47 CFR § 36.622. While the rules do not explicitly address the issue of resizing adjustments for errors and omissions, there is no rational basis for requiring that the expense adjustment amounts be revised for all companies when a significant error or omission is discovered in a single study area's data, but prohibiting across-the-board expense adjustments when one or more study areas report a quarterly update. Indeed, CHA submits that carrier reliance on USF cost recovery in offsetting intrastate revenue requirements mandates that adjustments for material errors and omissions be treated in the same manner as adjustments resulting from quarterly updates.

CHA also strongly supports NECA's position that any revisions to the procedures concerning the NACPL should be made prospectively (Direct Case, pp. 19-20). As noted, CHA believes that NECA has correctly applied the Commission's rules in NECA's USF filings. If the Commission should nevertheless determine that changes to NECA's procedures are required, such changes should not be retroactive. Otherwise, carriers could be denied recourse in recovering any revenue requirement shortfall from the intrastate jurisdiction.

In conclusion, NECA's USF resizing procedures are consistent with the Commission's rules and with sound public policy. Accordingly, the Commission should conclude that NECA's USF tariff revisions are lawful in all respects and should terminate this proceeding.

Respectfully submitted,
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CERTIFICATE OF SERVICE

I, Marcella Jost, do hereby certify that copies of the foregoing Comments on Direct Case were sent via first class mail, postage paid, to the following on this 23rd day of June, 1993:

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